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Title of meeting:	Cabinet
Subject:	Update on cost of living and Household Support Fund provision
Date of meeting:	31 October 2023
Report by:	James Hill, Director of Housing, Neighbourhood and Building Services
Author:	Mark Sage, Tackling Poverty Coordinator
Wards affected:	All

1. Requested by Cabinet

- 1.1. This report was requested to update Cabinet on Portsmouth's delivery of its Household Support Fund provision, and support for residents affected by the cost of living crisis, under the council's Mission One: We will improve lives.

2. Purpose

- 2.1. To provide an update on the support the council is providing to residents to help with the rising cost of living, including the assistance being provided to residents of Portsmouth in financial hardship through the administration of the Household Support Fund.
- 2.2. To highlight the work to complete a needs assessment to understand and make available information on the cost of living, poverty and wider deprivation.
- 2.3. To outline how this activity will help to inform future action against this priority.

3. Information Requested

3.1. Supporting people with the cost of living

- 3.1.1. In June, Cabinet received a report on Round Four of the Household Support Fund (HSF), provided to local authorities by the Department for Work and Pensions (DWP), outlining the council's plan to use this resource to support residents in financial hardship.



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- 3.1.2. The delivery plan outlining how the available funding will be distributed across a range of provision is attached at Appendix 1.
- 3.1.3. The guidance for this round included a new requirement for councils to extend the provision of application-based support, where instead of identifying residents in need of additional support, the council would invite residents to apply for assistance.
- 3.1.4. As in previous rounds, Portsmouth's scheme has four main principles:
 - 3.1.4.1. To make full use of the funding available;
 - 3.1.4.2. To fund a range of provision to meet different needs;
 - 3.1.4.3. To target assistance towards those missing out on other forms of support;
 - 3.1.4.4. To provide a holistic offer of support where possible.
- 3.1.5. The requirement for councils to extend the provision of application-based support was not achievable within existing resource, and required the creation of a new delivery team.
- 3.1.6. Portsmouth's HSF delivery team (4 x FTE) is now fully operational, consisting of a project lead, two local welfare assistance officers and a business support officer, with the tackling poverty coordinator providing the overall strategic lead. The team are complemented by dedicated support from city helpdesk and the cost of living support worker.
- 3.1.7. These are fixed term posts funded by the Household Support Fund grant under administration costs, and therefore this service to residents is dependent on continued funding from the DWP.
- 3.1.8. Delivery is assisted by the digital customer team, who build and manage the application systems, marketing and communications, and other corporate services, including finance, legal and procurement support.
- 3.1.9. The team have launched the first two application-based schemes; Household Support Fund Family Vouchers and Household Support Fund Cost of Living Payments. Full details of these schemes and how customers can apply are published at portsmouth.gov.uk/household-support and via the dedicated HSF helpline 023 9268 8010.

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- 3.1.10. The team are working at pace to develop further application-based provision, including a warm home payment for disabled people and a discretionary grant scheme for people in hardship.
- 3.1.11. The focus of these schemes is to reach people who are missing out on other forms of support, who are struggling financially but do not qualify under other means-tested provision.
- 3.1.12. The schemes are being developed in partnership with a number of agencies that support people in financial hardship, and uptake will be cross-referenced with needs identified in the cost of living dashboard, to ensure assistance is reaching residents in need.
- 3.1.13. Alongside the application-based provision, HSF is being used to support and extend the food support offer, including foodbanks, larders and pantries, holiday activities and food provision, and support for people at risk of fuel poverty.
- 3.1.14. The new delivery team is funded through our HSF grant, and the council's ability to continue delivering this kind of local welfare support depends on further HSF funding from April 2024.
- 3.1.15. The council also delivers additional hardship support through Discretionary Housing Payments (DHP) to assist with rental costs, and the Council Tax Support Exceptional Hardship Fund.
- 3.1.16. DWP funding for DHP was insufficient in 2022-23, and the council provided an additional £40,000 to meet the needs of residents. DWP funding has been frozen at £428,432 in 2023-24, so the council has allocated additional funding of £50,000 from its Cost of Living Hardship Fund.

3.2. Needs Assessment

- 3.2.1. Although inflation shows signs of beginning to fall, the higher prices caused by inflation and interest rate pressures are not expected to reduce rapidly. Wages and welfare benefit entitlements have not kept pace with inflation, leaving an ongoing shortfall in household spending power.
- 3.2.2. Two of the primary causes of cost of living pressures for lower income households since 2022 have been energy prices and food prices.
- 3.2.3. The energy price cap from October is £1,923 a year for a typical dual-fuel household paying by direct debit. This has reduced from £2,074 in July, and

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£2,500 for the period October 2022 to June 2023, under the Energy Price Guarantee¹.

- 3.2.4. However, the price cap this October remains 50% higher than in 2021, and the standing charge element of the price cap has increased, so the less energy households use, the less money they will save under the new price cap.
- 3.2.5. The Resolution Foundation has estimated that a third of households will face higher energy bills this winter compared to last year², following the removal of the Energy Bills Support Scheme, which provided every household paying energy bills with payments totalling £400 last winter. Therefore energy bills and cold homes continue to be a significant concern.
- 3.2.6. Food price inflation peaked at 19.2% in March this year, the highest rate in over 45 years³. Since then it has slowed, and was at 13.6% in the year to August 2023. Although inflation is reducing, this only means that prices are increasing at a slower rate; food prices remain one of the biggest pressures on household budgets.
- 3.2.7. The Bank of England's Monetary Policy Committee has been increasing interest rates since December 2021⁴, in an attempt to curb inflation. This increases the cost of borrowing including mortgages, which increases housing costs for homeowners and places additional pressure on the rental market, with increased demand from those unable to afford a mortgage, and higher mortgage costs being passed on to tenants in rent increases.
- 3.2.8. With many mortgage holders in fixed term deals, rising mortgage rates affect households at different times, so some household budgets will not yet be affected, but will face a sudden increase when their fixed term expires.
- 3.2.9. Interest rate rises feed through more quickly into unsecured personal borrowing, with the Money Charity reporting that nationally average credit card debt stood at £2,376 per household in July 2023, an increase of 8% on the year before.
- 3.2.10. To inform the local response to the cost of living crisis, the council's Public Health Intelligence Team created a cost of living dashboard, bringing together key local and national data. This has now been published on the council's Joint Strategic Needs Assessment webpage⁵, providing statutory,

¹ <https://commonslibrary.parliament.uk/research-briefings/cbp-9714/>

² <https://www.resolutionfoundation.org/publications/gotta-get-through-this/>

³ <https://www.ons.gov.uk/economy/inflationandpriceindices/articles/costoflivinginsights/food>

⁴ <https://commonslibrary.parliament.uk/research-briefings/sn02802/>

⁵ <https://www.portsmouth.gov.uk/services/health-and-care/health/joint-strategic-needs-assessment/>

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voluntary and private sector organisations and residents with access to data, to better understand the impact of the crisis and needs in the city.

- 3.2.11. The Director of Public Health's Annual Report was presented to the Health and Wellbeing Board (HWB) in September, and comprises an updated needs assessment on poverty and the cost of living crisis in Portsmouth that provides the evidence-base to support the city's tackling poverty work and its response to the cost of living challenges facing many residents.
- 3.2.12. The report examines in detail why poverty is a problem in Portsmouth, how it has been made worse by the cost of living crisis which has put many more households in a position of financial stress or vulnerability, and what that means for our communities. It explores how the city council and its partners have responded and what has been tried in other areas, and makes recommendations for how people across the system can work best to maintain a focus on the underlying causes of poverty whilst addressing the immediate issues arising from the current cost of living crisis.
- 3.2.13. Tackling poverty is one of the priority 'causes of the causes' in Portsmouth's health and wellbeing strategy, and the November meeting of the HWB will receive a report on progress against this priority area, and the next steps following the recommendations in the Annual Report.
- 3.2.14. The cost of living crisis means that increasing numbers of residents are struggling to afford essential expenditure, and those already living in poverty are pushed further into hardship.
- 3.2.15. This has an impact across our community and on all services that are supporting residents in need. This increases demand for services and the cost of delivering services, for example through increasing the number of people at risk of homelessness due to affordability.
- 3.2.16. However, there are also opportunity costs for residents and services, where time and effort is spent reacting to the cost of living crisis that could otherwise have been used to improve other outcomes, including education, leisure and cultural participation and community development.

3.3. Future Action

- 3.3.1. The HSF delivery team will continue to develop and administer additional schemes to support people in financial hardship, working in partnership with other services in the city to provide a holistic offer, ensuring that HSF is aligned with the wider support offer around the cost of living, so that all residents receive the right support for their circumstances.

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- 3.3.2. The government has to date made no announcement of whether further HSF funding will be made available to local authorities, and therefore there is a significant risk to the future viability and capacity of local welfare provision.
- 3.3.3. A decision not to extend HSF would remove the opportunity to learn from and further develop new forms of application-based assistance that are implemented during this round.
- 3.3.4. It seems likely that the announcement of whether or not HSF will be extended into the next financial year will be included in the government's Autumn budget statement, to be held on Wednesday 22 November.
- 3.3.5. If HSF is extended for a further period, it is unlikely that funding will increase in line with inflation, as there has been no increase in the funding formula since the launch of the schemes that preceded HSF, so it will be important to continue targeting those in greatest need and those missing out on other forms of support.
- 3.3.6. If HSF funding ends, local authorities will not have this grant funding available to support residents with the cost of living. Any future funding to replace the loss of HSF, would have to come from existing council resources and given the funding pressures being felt by all local authorities including Portsmouth, this will be a very significant challenge.
- 3.3.7. The tackling poverty steering group, as a formal sub-group of the Health and Wellbeing Board, will continue to hold the work against the Health and Wellbeing Strategy priority of tackling poverty, one of the 'causes of the causes' for health outcomes, and to provide a voice for taking action collectively as a city to tackle poverty and the cost of living crisis.
- 3.3.8. Building on the evidence base provided by the Director of Public Health's Annual Report, the steering group and action plan will be refreshed and re-focused, to address the urgent challenges and opportunities identified in the report.
- 3.3.9. Action against these priorities will continue to be reported into Cabinet and the Health and Wellbeing Board, for scrutiny and oversight, with those bodies providing the political and strategic leadership for this agenda.

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Signed by Director of Housing, Neighbourhood and Building Services



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Appendices:

Appendix 1 - Household Support Fund delivery plan April 2023 to March 2024

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
Cabinet Report June 2023	Household Support Fund.pdf (portsmouth.gov.uk)
Household Support Fund guidance for county councils and unitary authorities in England	1 April 2023 to 31 March 2024: Household Support Fund guidance for county councils and unitary authorities in England - GOV.UK (www.gov.uk)
Public Health Annual Report 2023: Poverty and the cost of living crisis in Portsmouth - Needs Assessment	Director of Public Healths Annual Report - Full report.pdf (portsmouth.gov.uk)